



State of California

Employment Training Panel

Arnold Schwarzenegger, Governor

March 27, 2009

Nancy Ingram, Manager, Warehouse
National Oilwell Varco, L.P.
743 N. Eckhoff Street
Orange, CA 92868

Dear Ms. Ingram:

RE: **FINAL MONITORING REPORT** for National Oilwell Varco, L.P. (NOV) – ET07-0385

Date of the Visit:	03/11/09
Beginning/Ending Time:	9:30 a. m. – 11:30 a.m.
Date of Last Visit:	09/03/08
Visit Location:	Orange, CA Via Teleconference
Persons in attendance:	Owen Unruh (for a portion of the visit), Director of Manufacturing, NOV; Nancy Ingram, Manager, Warehouse, NOV; Cindy Silva, Administrative Assistant, NOV; Dave Nagy, Principal, Bolero Associates, LLC; Yvonne DeSollar, Administrative Assistant, Bolero, and Carole Robinson, ETP Contract Analyst.
Action Required:	NO

CONTRACT INFORMATION:

Term of Agreement:	06/05/07 – 06/04/09	Agreement Amount:	\$356,400
Training Start Date:	06/19/07	No. to Retain:	300
Date Training must be Completed:	03/03/09	Range of Hours:	24 - 200
Type of Trainee:	Retrainee	Weighted Ave. Hours:	66

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*ACTION ITEMS REMAINING
FROM THE PRIOR VISIT:*

None – All prior Action items from previous Monitoring Visits have been resolved (see page 3, Attendance Rosters)

FINAL REPORT SUMMARY:

- **HISTORY OF AGREEMENT CHANGES**

The Agreement was executed on 06/20/07 and training began on 06/19/07. You reported that all training was completed on 02/10/09, which will allow for the 90-day retention period to be completed within the term ending date of the Agreement (06/04/09). There were no Amendments or Modifications requested by NOV during this Agreement.

- **INTERVIEW WITH COMPANY REPRESENTATIVE**

You reported NOV experienced very positive changes as a result of ETP funded training delivered for this Agreement. NOV was able to complete its organizational re-structuring plan and move production to 100 percent cellular manufacturing environment. Cultural changes implemented company-wide allowed NOV to greatly improve its performance and product quality. The company has also experienced significant growth over the past two years including doubling its output each year. Other corporate plants located outside of California are now sending employees to NOV to learn about its lean culture methodology.

Mr. Unruh stated that NOV's revenues, profit margins, and employee morale have been greatly improved during and following completion of training. You reported that the company now has a clear mission and there is alignment throughout all departments. Teaming for Results training uses a team approach to identify errors and make suggested improvements has been very successful in involving employees to make positive changes within NOV.

Mr. Unruh informed Ms. Robinson that NOV plans to request a new ETP Agreement in the near future to upgrade the leadership, train the trainer, and provide root cause analysis skills to further develop employees and complete its goal to streamline business operations.

According to ETP records at the time of this final meeting, NOV retained 318 employees (106% of planned retention). Based on ETP Fiscal records, NOV will potentially earn a total reimbursement of \$346,383 (97 percent of the encumbered amount) provided all other terms and conditions of the Agreement are met. Current records show that NOV has received \$182,097 in progress payments, of which \$120,708 has been approved as earned. Ms. Robinson reminded those present that the closeout invoice should be submitted no later than 30 days after the end term date of the Agreement (07/03/09)

PROJECT STATUS PROVIDED BY THE CONTRACTOR:

Trainees Enrolled:	377	Completed Training:	318
Dropped Following Enrollment:	56	Completed Retention:	116
No. Completed Minimum Reimbursable Hours :	318	In Retention Period:	202

ATTENDANCE ROSTERS:

Attendance Rosters reviewed for eight retrainees who are enrolled in Job 1.	Rosters 116 Invoice Numbers Validated: # 3 - #13	Rosters reviewed contained all the required information per Title 22, California Code of Regulations, Section 4442.	YES
Information contained in rosters reviewed was consistent with the hours reported on-line.			Yes

ACTION ITEM FROM PREVIOUS MONITORING VISIT RESOLVED DURING/SUBSEQUENT TO THIS VISIT:

Subsequent to the previous teleconference visit, Ms. Robinson found that NOV did not fax the correct records to determine if an adequate number of hours were completed for a P1 (Enrollment) Progress Payment for some trainees as of the date of the associated Invoice (Invoices 3 – 13). Instead rosters were faxed for hours completed after an Invoice for P1 was submitted.

The review of the above sample in the previous Monitoring Visit revealed that training hours were credited for at least one retrainee who did not attend the Class/lab session although a P2 (completion) Progress payment was requested and received for this trainee for these hours. During this visit, Ms. Silva explained that she did not send the correct rosters for some trainees who attended different sessions in other topics on the same date. Ms. Robinson verified Class/lab attendance for these trainees by reviewing the correct rosters during this visit. The retrainees in question did complete the number of Class/lab hours reported by NOV for Completion (Progress Payment 2) as of the date of the associated Invoice.

As previously reported in the Monitoring Report dated 09/18/08, another trainee's Tracking Records had incorrect dates entered for several training sessions. In addition, based on the faxed rosters for training sessions he attended NOV requested a P2 (Completion) Progress Payment for this trainee prior to his completion of training. During this visit, Ms. Robinson and Ms. Silva determined that NOV faxed Class/lab records for another family member (Jr.) with the same first and last name. Ms. Silva faxed ETP rosters for the retrainee selected (Sr.) and Ms. Robinson determined all Class/lab hours reported in the ETP On-line Tracking System were correctly documented.

SUBAGREEMENTS:

Administration

Administrative subcontractor performing any part of ETP administrative requirements?	Yes
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Training

Training vendors performing ETP training?	Yes
Has all vendor information been entered in the on-line ETP 100D for all vendors who have provided training?	Yes
Vendor information reviewed during meeting:	None
The administrative subagreement between NOV and Bolero was previously reviewed and is on file. One training vendor, Mazak, was identified during development of the Agreement; however, this vendor was not retained by the company for delivery of Manufacturing Skills as planned.	

AUDIT:

NOV will be notified in writing if this agreement is selected for an audit that will be conducted either at your site (field audit) or by telephone if selected for a desk audit (or "review"). These notifications will be sent in advance to allow ample preparation time and will include a list of documentation that will be examined by the auditor. A list of the documentation typically examined during an audit will be included along with the Audit Notification and Audit confirmation letters. To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

RECORD RETENTION:

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding the information contained in this letter, please contact Carole Robinson at (619) 686-4971, or via e-mail at Crobinson@ETP.CA.Gov within ten (10) working days from the receipt date of this letter.

Sincerely,



Krista Campion for Diana Torres, Manager
San Diego Field Office



Carole Robinson, Contract Analyst
San Diego Field Office

cc: Kulbir Mayall, Manager, ETP Fiscal
Bolero
Master File
SD Project File

Date report e-mailed to Contractor: 03/27/09